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Industrial Democracy

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I MUST state that I have never within my recollection felt so gloomy as I do at the present moment. I do not feel hopeless, but I do feel that perfectly needlessly we are heading for the rocks. There is no rational reason why we should go through the agony of an industrial smash-up, followed by a period of depression, in order to cure the evils that now afflict us. I do not wish to fill the office of a prophet of disaster, but I feel that the situation has not been bettered since the signing of the armistice. In fact, I think it has pretty steadily worsened; that the breach, the gap, between—shall I say capital and labor—has widened.

CAPITAL AND LABOR *vs.* MANAGEMENT AND MEN

I do not like those terms capital and labor. They do not express the truth. They mislead in a very considerable degree. The whole matter is a matter of men—the men who manage industry and the men who work with their hands in industry.

What is capital? It consists of plows, machine tools, engine lathes, planers, mines, forests, farms and horses, etc. Capital has no thinking apparatus. You cannot have a fight with capital. You cannot come to blows with an engine lathe. I have seen men stub their toes against the rocker of a chair and use language which I will not attempt to repeat and assail the rocker and kick it around the room; perhaps you could have a fight with capital in that way, but that is the only way. There is no

such thing as a quarrel between capital and labor. What is labor? It is an abstraction. The trouble is between management and workers. Workers and management, not capital, not the owners of capital—it is management and workers. The workers have no quarrel with capital as such. They have no contact with owners except as owners are managers in industry or influence the management of industry. The quarrel is bipartisan, not tripartisan. The public comes in as a third party, to be sure, but who is the public? If we are considering all industry and all workers there are only the two elements—working men and managers of industry. If you are talking about the Philadelphia Rapid Transit Company, then you have the workers, the managers and the public, but let us draw a veil over that. The quarrel, the trouble, the disjointedness, the lack of harmony, is between workers and management.

I have worked with my hands and I have worked with my head, and I was not conscious of any revolutionary change in my psychology when I was transmogrified from a manual laborer into an academic teacher, nor was I conscious of any revolutionary change in my psychological make-up when I left the teaching profession and entered the public service of the United States. In fact, there is no difference in the psychology of the men who manage and the men who are managed, and that is one of the principal difficulties in the whole situation. They are so much alike and yet they are so different because they are in different economic

positions. Industry has been organized on the principle of a definite separation of functions between management and men.

DEMOCRACY, POLITICAL AND INDUSTRIAL

We have heard a good deal about industrial democracy. However, one man's industrial democracy means something the very antithesis of the industrial democracy of another man. We certainly need to get down to fundamentals, to the description and definition of terms. The time has arrived when we must define our terminology. We must know what we mean by industrial democracy. Political democracy is still in its first experimental stages. It has not yet demonstrated that it is the system of political government, of political machinery that is destined ultimately to survive, to continually develop to that state of perfection of which Goodwin spoke so many years ago. Industrial democracy has hardly yet entered the experimental stages. If we are in doubt as to whether political democracy will ultimately survive in the struggle for existence, we are even more in doubt as to this thing that I mean by industrial democracy. But we have taken a few feeble, tottering steps on the goal toward political democracy, and we cannot retrace those steps if we would, and we do not desire to retrace those steps. The only possible direction for progress to make is to continue the march toward political democracy. The same is true of industrial democracy. We cannot turn back if we would. We must march forward in the direction in which our faces are now set. I imagine that the ultimate outcome will be a compromise, as is the case with every outcome that I am acquainted with, both in political and economic history. There must be,

as I see it, a combination of democracy and autocracy.

I must speak in concrete terms; I am not a good abstracter. I am the Commissioner of Labor Statistics, and I have under my immediate direction one hundred and fifty and sometimes as many as four hundred employees. I simply cannot listen to the grievance of every individual employee even in that very small and compact bureau. Administration is merely another name for action. Action requires centralization of authority in the administrative heads. A democratization of industry which would substitute a debating society for responsible administrative heads is just as impossible as the system by which the managers do all the ordering and the workers do all the obeying.

Allusion is often made to the efficiency of private business and the inefficiency of the public business. I am willing to call for a show-down of my bureau with any similar bureau in any private industry of the country. I think per man and per dollar of appropriation the Bureau of Labor Statistics turns out more worth while stuff than any statistical Research Bureau in any private organization in the United States. The public business has very great handicaps to labor under needless handicaps, and handicaps that could be removed very simply by a simple revision of a single chapter in the Civil Service Law. Those inhibitions should be removed. I am glad of the criticism, the intelligent criticism of the conduct of my bureau or any other bureau in the federal government, but let us try to avoid sweeping condemnations. The public business is, on the whole, well conducted.

There must be autocracy in the management of my bureau, as there must be autocracy in the management of every bureau, every department in every industry, public and private, to

which you can refer. There must be a combination of democracy and autocracy. I hope to be able to devise a system of checking up, so that the autocratic power that must be exercised in order to keep the bureau functioning at all will be constantly checked up by the democracy of the employees in the bureau. I think that probably such a system as that is as near ideal as we can hope to achieve in this vale of imperfection. We must have power to get things done. We cannot conduct the government business or any other business by a debating society. That is one of the principal troubles with the government business—that it is conducted very largely by a debating society.

FOREMAN'S PART IN INDUSTRIAL UNREST

The foreman is not the cause, he is just the symptom of industrial unrest—and he is not a good symptom. He is the boil on the neck of industry. As Professor Hotchkiss has pointed out you cannot discharge the foremen, the gang bosses, the straw bosses, if you so desired. There are none to take their places. They must function until something better is devised or until they are educated. I do not know which will be the victor in the struggle for existence. I rather suspect that a large number, perhaps, a large majority of the perfectly useless parasitical foremen and straw bosses that are responsible for the immediate irritation in so many of our big industries will be abolished and put to doing something useful. The others will be educated until they know their job. They must be vocationally educated and vocationally guided and vocationally placed, and the fellows that are not competent to handle men will not be handling them.

VOCATIONAL TRAINING AND PLACEMENT

We must put our brains to devising a real program for vocational training and vocational guidance and placement. The principal business of a citizen is to make a living. We are told that children should be kept out of industry. I am in favor of keeping them out of industry, if by keeping them out of industry we can keep them in something better. But we want to be sure that our schools are at least as good educational institutions as our factories before we decide upon a program of keeping the children out of the factories and keeping them in the schools. We are told that the jobs that children go into are blind alley jobs. Do we ever stop to think that our schools are also, in large part, blind alley jobs? Only a very few of our schools, a very few of our educators, have realized what the public schools really ought to be. Only a small minority of our schools are really educational institutions preparing boys and girls for citizenship, which means preparing them to make a living in the way best suited to each. First of all, fluctuations in employment must be done away with so far as it is possible. It will not be possible to reduce unemployment to zero, but it is perfectly possible to reduce it by 50 to 90 per cent in all industries.

THE WORKERS DESIRE RESPONSIBILITY

I have worked in a good many industries and I think it is perfectly possible to bring about an alliance between management and men. Perhaps, in the ideal state it will be all management and all men; perhaps that will be the ultimate working out of industrial democracy. Who established the present industrial system? Did the workers put it into operation?

They had nothing to do with it. The industrial revolution came along and the laborers did what they were told to do. They were put on the wage system and they have stayed on the wage system, and a good many workers now are asking for participation in planning the work, in carrying it out, something to do to relieve them from the deadly monotony of minutely subdivided industry. The workers do not want to accept a wage and no responsibility. They do not want to be assured of a perfect cinch in income, letting all the responsibilities for the ups and downs and vicissitudes in industry be carried on by this little bunch of segregated managers in industry. The managers of industry have not demanded enough of workers. They have simply demanded a mechanical contribution to production. They have made no demand upon the worker's brain at all. We can do a good deal toward curing the present industrial unrest, we can do a good deal toward stabilizing industry, by putting a greater demand upon the workers. The workers will not only welcome that but they also have been clamoring and clamoring in vain to have more responsibility put upon them. The workers are not afraid of assuming responsibility. To be sure, they want a greater participation in the product of industry, but the workers who have really thought on this subject are willing, are ready, are anxious to take the responsibility that goes with proprietorship. We must give the worker a proprietorship in industry, we must give him ownership of his job. That means we must stabilize the jobs. We must do every-

thing possible to smooth out the kinks in the employment curve.

INDUSTRIAL LEADERSHIP NOT INDUSTRIAL DRIVERSHIP

Industrial leadership is a whole lot better than industrial drivership, and the substitution must be made. There are, however, at least two kinds of industrial leadership. There is industrial leadership for the benefit of the leader and industrial leadership for the benefit of the led, for all concerned.

I am reminded of the story of the old farmer and his mule. He possessed the laziest mule ever owned by a farmer. He could not get the mule to walk fast enough when he plowed, and he devised this very ingenious device. He hung a bunch of hay on a stick attached to the hame so that the hay dangled just in front of the mule's nose. By that lure the mule was induced to walk fast. He continually reached out for the suspended bunch of hay, walked continually toward it, and it continually kept in advance of him, and in that way production was increased enormously on that farm. But the product was not divided equally between the farmer and the mule. Some of the bonus systems in existence are very similar to this ingenious device of the farmer. These systems might not inaptly be denominated "hay bonus systems."

Industrial leadership must be substituted for industrial drivership. We must have the right kind of industrial leadership. I believe in political democracy. I believe in industrial democracy. I believe that ultimately we are going to work these things out.